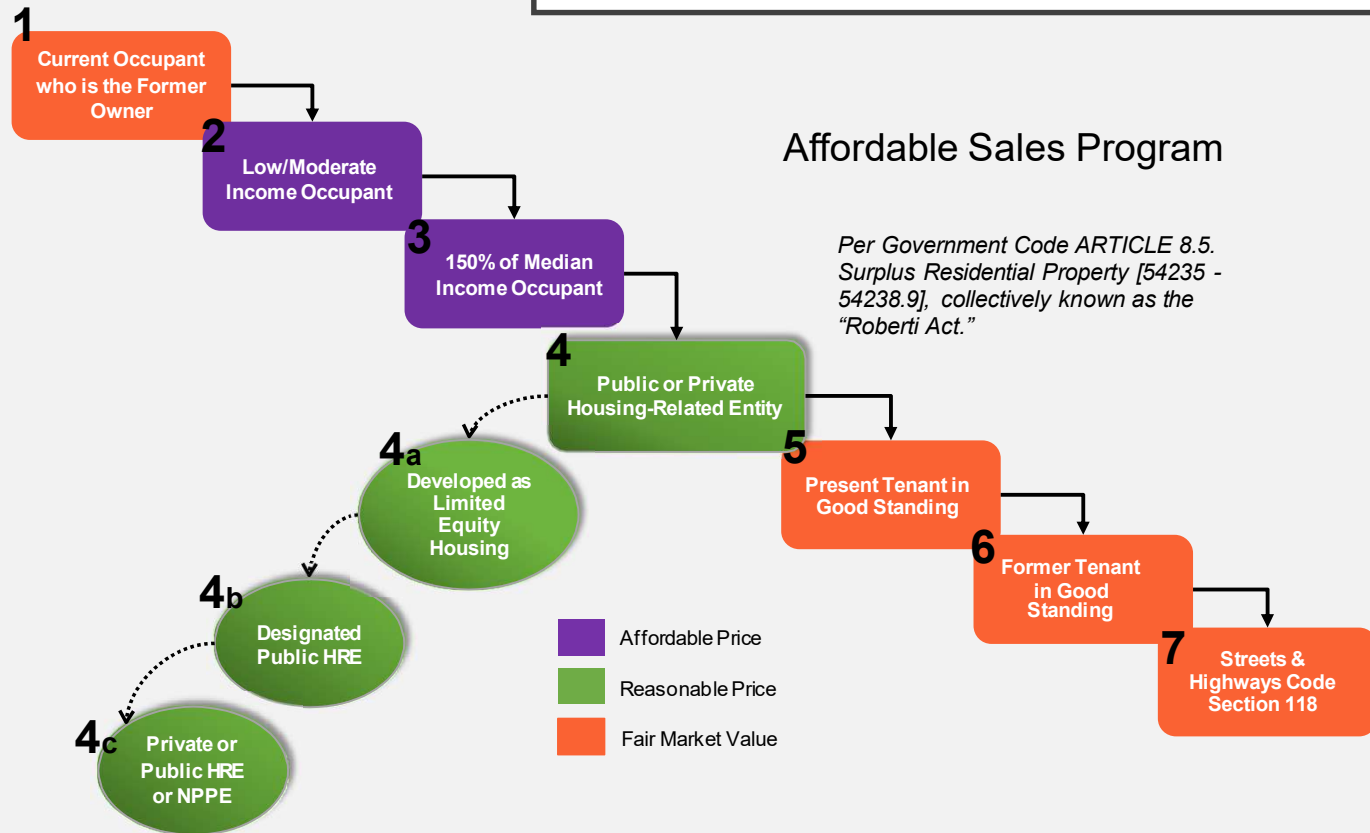


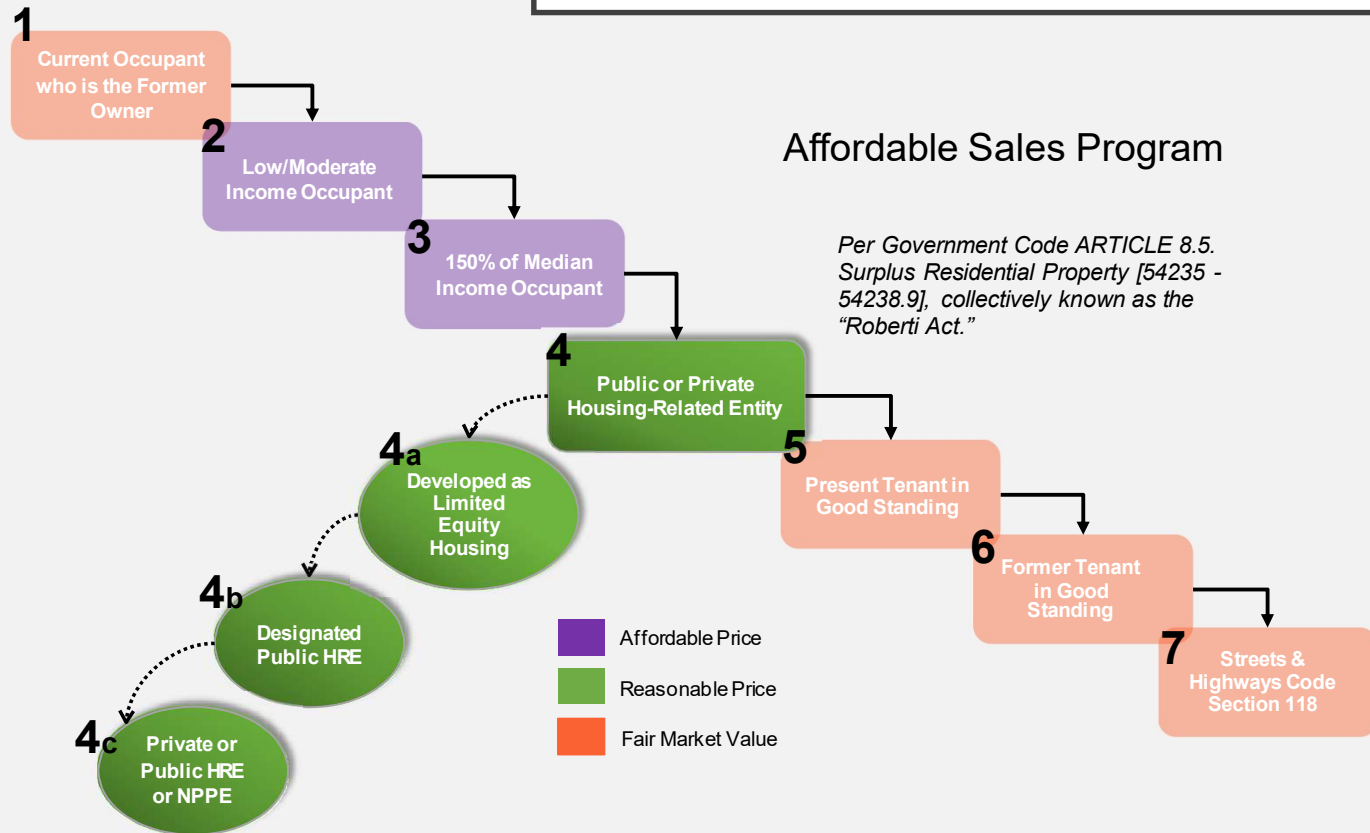
City of South Pasadena

SB 381
CITY COUNCIL MEETING
APRIL 7, 2021

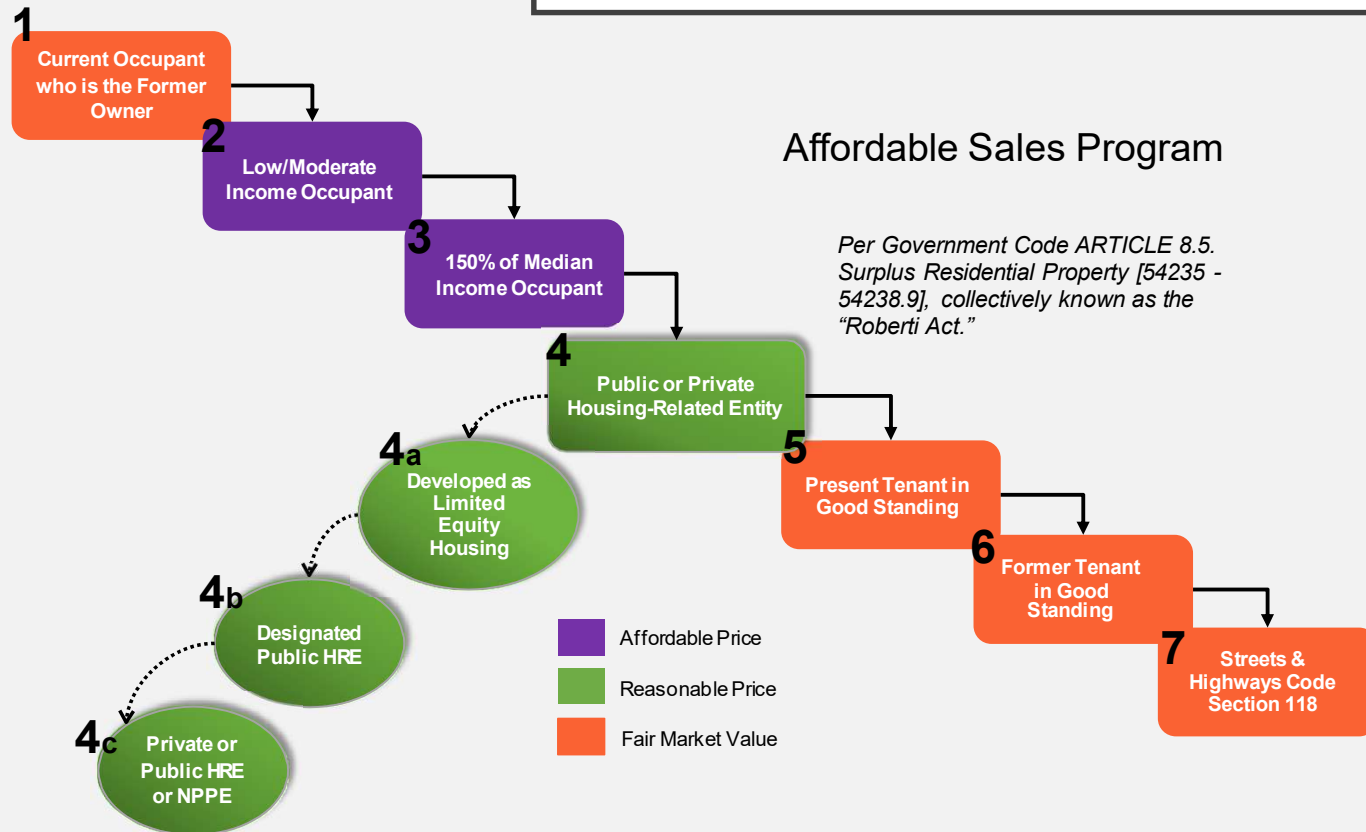
EXISTING ORDER OF PRIORITY



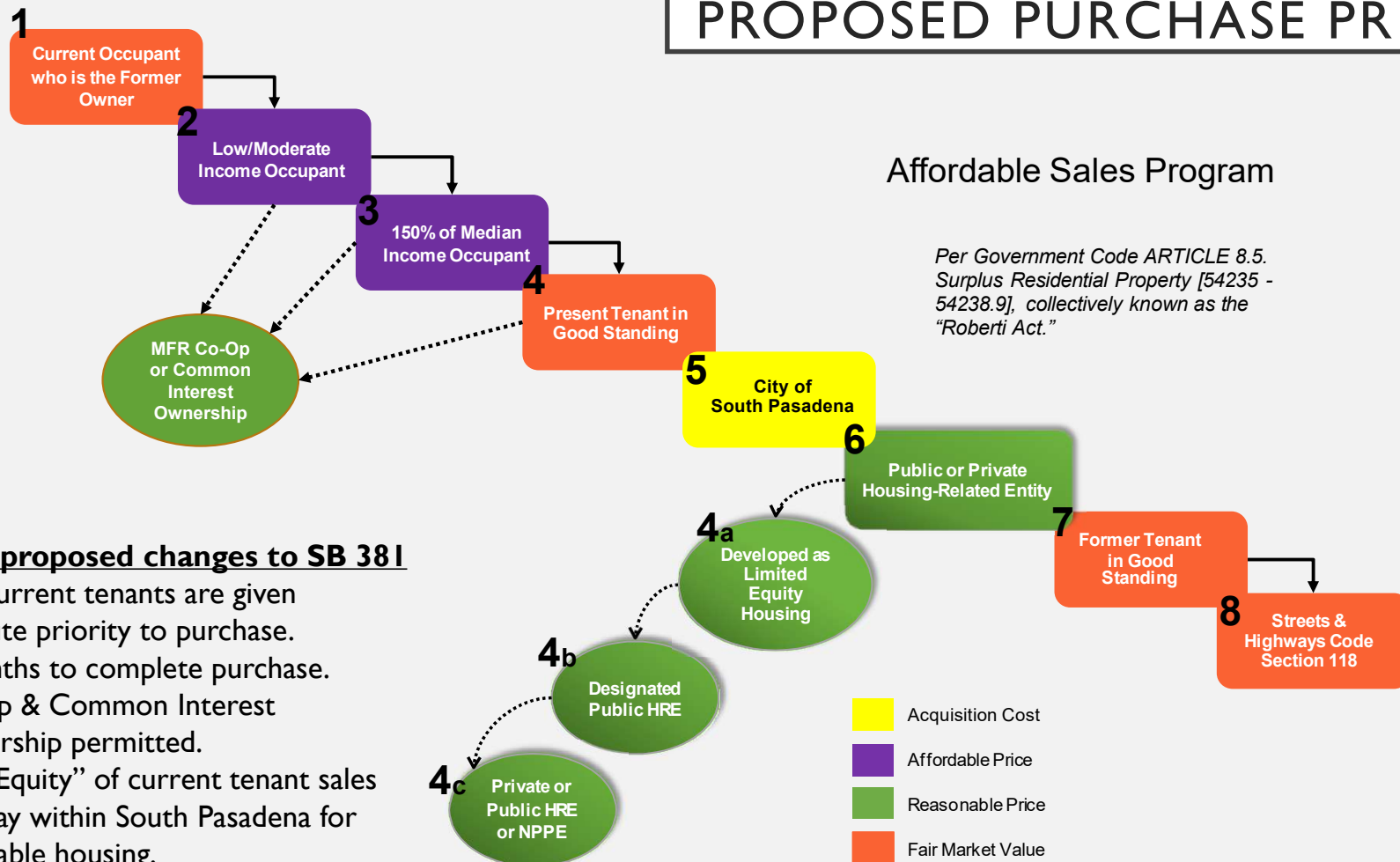
EXISTING ORDER OF PRIORITY



EXISTING ORDER OF PRIORITY



PROPOSED PURCHASE PRIORITY



Further proposed changes to SB 381

- ❖ ALL current tenants are given absolute priority to purchase.
- ❖ 9 months to complete purchase.
- ❖ Co-Op & Common Interest Ownership permitted.
- ❖ "Net-Equity" of current tenant sales will stay within South Pasadena for affordable housing.

SB 381 SUMMARY STATEMENT

- **WHAT?** – Legislative bill to amend the process and criteria for the disposition of Caltrans surplus properties within South Pasadena.
- **WHY?** – We are seeking local control over the disposition and timing of Caltrans surplus properties. Absent our intervention, the homes not purchased by current tenants will likely be purchased by Housing Related Entities and be the subject of disparate property ownership and management objectives, with no local input.

“CONTROL YOUR OWN DESTINY, OR SOMEONE ELSE WILL.”

JACK WELCH
CHAIRMAN & CEO GENERAL ELECTRIC

OBJECTIVES

Create
priority
purchase
opportunity
for ALL
current
tenants.

Implement a
plan with
community
input more
expeditiously.

Negotiate
best possible
acquisition
price and
terms.

Renovate
unoccupied
properties.

Restore &
maintain
historic
properties

Build new
residences on
vacant
properties.

Maintain &
manage
properties in a
manner that
enhances the
community.

SB 381 CHANGES TO ROBERTI ACT AS AMENDED MARCH 9, 2021

Priority purchase opportunity for current tenants. Net equity from sales supports affordable housing in South Pasadena.

Expediently transfer unoccupied properties to the City (Phase 1) at the original Caltrans acquisition price and before any other entity.

Allow the City to purchase properties at the original Caltrans acquisition price after current tenants do not purchase the properties in which they reside (Phase 2) and before any other entity.

Allow the City to transfer ownership to a city-approved housing related entity that would ensure responsive maintenance and property management.

All properties acquired at initial acquisition price would have an affordability covenant.

PROPOSED ENHANCEMENTS TO SB 381 - APRIL 7, 2021

1. **All current tenants** are given an absolute priority to purchase the property in which they live.
2. Allow current tenants of multi-family residences the ability to form a **co-op or common interest ownership** to buy their property from Caltrans prior to the property being offered to the City for purchase.
3. **Extend the time** for the current tenants to close escrow for purchase of their properties within 9 months, instead of 6, from enactment of SB 381.
4. **“Net Proceeds”** (property sale price minus Caltrans acquisition cost) of all home sales by Caltrans retained by the City of South Pasadena, to be used exclusively for development and preservation of affordable housing. All affordable housing developed or preserved with these funds shall have an affordability covenant recorded on title for a minimum of 55 years.
5. **Add community land trust** to the definition of HREs or specify city’s ability to transfer property it acquires from Caltrans to HREs, including community land trust.

PROPOSED ENHANCEMENTS TO SB 381 - APRIL 7, 2021 (CONT.)

6. Surplus Caltrans properties that have an affordability covenant placed on them will **count towards RHNA** (City's Regional Housing Needs Assessment) requirements.
7. **Expand definition of historic property** to include locally designated properties.
8. Any surplus property that is a designated **historic property will be valued at a price that factors in the cost to repair the property** based upon the City's historic preservation ordinance.
 - a. For occupied surplus property- Current regulation provides that Caltrans will perform repairs to a current tenant property prior to sale. Add language that allows the current tenant the option to accept a credit for the repairs deducted from the affordable or market rate sales price (depending on the income qualification of the tenant) as long as the current tenant agrees that the City of South Pasadena will retain enforcement authority to ensure that the work is completed in a timely manner. Caltrans will provide the City a beneficiary lien amount equal to the credit.
 - b. Unoccupied surplus properties acquired by the City of South Pasadena that are designated historic properties may be sold at fair market value as long as the Net Proceeds are deposited with the City of South Pasadena to be used exclusively for affordable housing with 55-year affordability covenants.

DRAFT PLAN OVERVIEW

Phase I

Unoccupied & Vacant properties

3 MFR, 2 Vacant, 17 SFR

- Acquisition due diligence.
- Rehab & rent/sell at affordable rates.

Phase 2

Occupied Multi-Family properties not sold to existing tenants.

Up to 7 MFR

- Acquisition due diligence.
- No displacement.
- Rehab properties.
- Rent at affordable/fair-market rates.

Phase 3

Occupied Single-Family not sold to existing tenants.

Up to 39 SFR

- Acquisition due diligence.
- No displacement.
- Rehab properties.
- Rent/sell at affordable rates.

PHASE I

(UNOCCUPIED)

Median MFR Price = \$43,700
Median SFR Price = \$38,150
Total Acquisition Price = \$2.2 million

MFR

1010 HOPE STREET
908 MONTEREY ROAD
1039 GREVELIA STREET

VACANT

215 FAIRVIEW AVENUE
1028 MAGNOLIA STREET

SFR

1011 FOOTHILL STREET
1015 COLUMBIA STREET
1110 GLENDON WAY
1131 COLUMBIA STREET
1707 MERIDIAN AVENUE
216 FAIRVIEW AVENUE
217 FREMONT AVENUE
225 FREMONT AVENUE
302 FAIRVIEW AVENUE
530 ORANGE GROVE AVENUE
534 ORANGE GROVE AVENUE
535 MERIDIAN AVENUE
540 PROSPECT AVENUE
773 BONITA DRIVE
808 VALLEY VIEW ROAD
822 VALLEY VIEW ROAD
901 BONITA DRIVE



HOW IS PHASE I FUNDED?

CAPTIAL FUNDING (any combination of the following)

1. Local Housing Trust Fund Program – State of CA through San Gabriel Valley Regional Housing Trust.
2. Explore other State/Federal grant/loan sources including Metro fund.
3. Private equity financing.
4. Surplus local designated reserves.

OPERATING & ADMINISTRATIVE FUNDING

1. Rents.
2. City affordable housing funds from “net equity” sales.

2020 LOS ANGELES COUNTY QUALIFYING INCOME LIMITS

Household Size

Income Category	1	2	3	4	5	6	7	8
Extremely Low (30%)	23,700	27,050	30,450	33,800	36,550	39,250	41,950	44,650
Very Low (50%)	39,450	45,050	50,700	56,300	60,850	65,350	69,850	74,350
Lower (80%)	63,100	72,100	81,100	90,100	97,350	104,550	111,750	118,950
Moderate (120%)	64,900	74,200	83,500	92,750	100,150	107,600	115,000	122,450
150%	81,165	92,760	104,355	115,950	125,226	134,502	143,778	153,054

WHAT IS THE HOUSEHOLD
AFFORDABLE QUALIFYING INCOME?

POINTS TO REMEMBER

SB 381 is **enabling legislation**. It provides the opportunity and no obligation by the City to purchase.

Local control of the process and long-term benefits to the community.

Public input will continue to help shape the bill and the implementation strategy details.

A thorough property **due diligence**, inspection, cost estimate and financial analysis for each specific property and entire portfolio will be conducted prior to City acquisition.

SB 381 allows unoccupied properties to be affordable **ownership and/or rental housing**.

City will negotiate a price with Caltrans to **buy the community garden** at 1028 Magnolia.

FUTURE DISCUSSION TOPICS

1. Ownership versus rental?
2. Where does the funding come from?
3. How much will the rehab cost?
4. Who will manage the properties?
5. Who will do the improvements?
6. Will the City partner with an existing HRE, help establish a new HRE to manage these properties with community input, or own and manage the properties through the City's Housing Authority?
7. How does someone that is not a current tenant purchase or rent a home once the homes are ready?
8. How can we create a local preference?

PLEASE REMAIN ENGAGED

- **NEW** City webpage to explore all items related to SB 381 (including this presentation)
- **NEW** Register on City webpage to receive SB 381 updates whenever information becomes available.
- Send written comments to sb381comment@southpasadenaca.gov
- Go to City website and then to the Visitors tab and find SB 381 (Portantino) link. (link in Zoom chat)
- Future Community Forums/Council Meetings will explore & decide implementation choices of SB 381.